

Message Text

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ACTION EB-12

INFO OCT-01 EA-11 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-05 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00

OMB-01 SWF-02 OIC-04 AF-10 ARA-16 EUR-25 NEA-14 DRC-01

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R 031625Z OCT 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 8578

INFO AMEMBASSY CANBERRA

AMEMBASSY SEOUL

C O N F I D E N T I A L GENEVA 6197

E.O. 11652: GDS

TAGS: ETRD, GATT

SUBJECT: TEXTILES SURVEILLANCE BODY: SPECIAL SESSION OCTOBER 3

1. CHAIRMAN WURTH CONVENED SPECIAL SESSION TSB
MORNING OCTOBER 3 TO BEGIN DELIBERATIONS ON AUSTRALIA'S
RECENT UNILATERAL RESTRAINT ACTION TAKEN UNDER PROVISIONS ART. 3,
PARA 5(I) ON SEVEN CATEGORIES
KNIT APPAREL FROM KOREA. KOREA HAS PROTESTED THE ACTION.

2. WITH ALL MEMBERS COGNIZANT FACT THIS FIRST TEST OF EFFICACY
TSB AS VIABLE INSTRUMENT IN MEDIATION AND CONCILIATION
TEXTILE TRADE DISPUTES, SESSION WAS DEVOTED PRIMARILY TO
DISCUSSION OF PROCEDURES TO BE FOLLOWED IN HANDLING CASE.
WHILE TSB HAD BEFORE IT MASSIVE DOCUMENTATION (FULLY IN
ACCORD WITH MFA ART. 3) FROM AUSTRALIA AS WELL AS COPIES
BILATERAL AGREEMENTS (ART. 3) BETWEEN AUSTRALIA AND
HONG KONG AND INDIA COVERING SAME PRODUCTS, KOREAN
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REP INFORMED BODY THAT KOREAN DOCUMENTATION ITS SIDE

OF ARGUMENT WOULD BE FORTHCOMING IN "THREE OR FOUR DAYS".
WHILE SOME MEMBERS ASKED SECRETARIAT TO REQUEST
CLARIFICATION ON SOME POINTS AUSTRALIA DOCUMENTATION, ALL AGREED
THAT SUBSTANTIVE CONSIDERATION OF ISSUES BE DEFERRED UNTIL
RECEIPT KOREAN BRIEF.

3. ON ASSUMPTION KOREAN DOCUMENTATION WILL BE AVAILABLE,
TSB WILL RECONVENE OCTOBER 9 TO EXAMINE BOTH SIDES OF ARGUMENT
AND TO LOOK FOR AND, HOPEFULLY, FIND GROUNDS FOR COMPROMISE
BETWEEN TWO PARTIES. SHOULD THERE APPEAR BE VIABLE GROUNDS FOR
COMPROMISE, PARTIES TO DISPUTE WILL BE INVITED SEND REPRESENTATIVES FROM CAPITALS TO CONSULT WITH TSB WITH VIEW TOWARD
AMICABLE BILATERAL SETTLEMENT.

4. JUDGING BY PRIVATE COMMENTS MADE BY KOREAN TSB REP,
PROBLEM MAY BE ONE OF OPTICS AND/OR "FACE" ON KOREAN SIDE.
GOK ALLEGEDLY HAD REQUESTED GOA TO CONTINUE NEGOTIATIONS
WHICH KOREAN REP ASSERTS WERE BROKEN OFF BY AUSTRALIA
WEEK BEFORE UNILATERAL ACTION TAKEN. ON THE OTHER HAND, IF
OTHER REPORTS TO EFFECT KOREANS WERE STANDING ON PRINCIPLE
OF ART. 6 PARA 3 AND INSISTING THAT 25 PERCENT SHARE OF IMPORTS WAS
MINIMUM LEVEL AT WHICH ART. 3 BECOMES OPERATIVE ARE TRUE,
CASE BECOMES HORSE OF OTHER COLOR INDEED WITH
IMPLICATIONS FOR U.S. AND MOST OTHER IMPORTING
COUNTRIES.

5. U.S. REP DECLINED COMMENT ON SUBSTANCE OF CASE PENDING
RECEIPT KOREAN DOCUMENTATION AND ADDITIONAL CLARIFICATION
REQUESTED OF GOA. ALONG WITH OTHER MEMBERS, U.S. REP
INTENDS SEARCH FOR VIABLE GROUNDS FOR COMPROMISE AS LONG
AS SUCH DOES NO INJURY TO OUR (U.S.) INTERPRETATION OF "MARKET
DISRUPTION" (ANNEX A). WE MUST DEFEND THESIS THAT "SERIOUS
DAMAGE OR ACTUAL THREAT THEREOF" IS CAUSED BY THE TOTALITY OF
LOW PRICED IMPORTS FROM ALL SOURCES OF A TEXTILE PRODUCT OR
CATEGORY THEREOF. IF SUCH SITUATION EXISTS, ADDITIONAL LOW
PRICED IMPORTS IN ANY QUANTITY FROM ANY OTHER SOURCES CAN
ONLY ADD TO DISRUPTION, ARTICLE 6 PARA 3 NOTWITHSTANDING.

6. WILL REPORT FURTHER DEVELOPMENTS AS THEY OCCUR.DALE

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